

12

1-54

A

SHORT ENQUIRY

INTO THE NATURE OF

MONOPOLY and *FORESTALLING*.

A THIRD EDITION,

WITH CONSIDERABLE ADDITIONS.

By EDWARD MORRIS, Esq.,
BARRISTER AT LAW.

LONDON:

Printed by A. Strahan, Printers-Street,

FOR T. CADELL JUN. AND W. DAVIES, STRAND.

1800.

[Price One Shilling.]

1841

1842

1843

1844

1845

1846

CONTENTS.

CHAP. I.

Introduction of the Subject. - Page 1

CHAP. II.

*Policy of the Legislature in ancient Periods of
our History.* - - 3

CHAP. III.

Policy of Modern Parliaments. - 6

CHAP. IV.

*By what Means, in a Year of Scarcity, the
Consumption of Corn may be reduced, with
the least Inconvenience to the People.* 11

CHAP. V.

The Interest of the Corn-Dealer in the Distribution of his Stock the same with that of the Public ; and the Impossibility of any Combination to raise the Price. Page 18

CHAP. VI.

The Supply of the Public will not only be more judiciously regulated by Corn-Dealers, but at a less Expence. - 26

CHAP. VII.

Frequency of Famines in the early Periods of our History for want of Corn-Dealers. 34

CHAP. VIII.

Influence of the Corn-Dealers in promoting Importation in a Year of Scarcity, and in preventing Exportation. - 43

CHAP. IX.

Recapitulation. - - 49

CHAP. I.

Introduction of the Subject.

IT is nearly four years since the first edition of this pamphlet was sent to the press. The distress of the poor from the high price of provisions at that time, had occasioned many persons to enquire into the cause, and to suggest modes of relief. A very general opinion prevailed, that the scarcity was in a great measure, if not wholly, artificial; and the high price of bread was principally ascribed to the interference of the persons engaged in the different branches of the corn trade. It was imagined then, as it is now, that if the farmers were to sell their corn immediately to the consumer, without the intervention of any other persons, the market would be more plentifully and more cheaply supplied. Dr. Smith, in his Enquiry into the Causes of
B the

the Wealth of Nations, had laid down certain principles on the subject, which afforded a very different conclusion; and this pamphlet was originally written with the design of giving those principles to the public in a shape more adapted to general circulation. The present is unfortunately a crisis when it is of more importance than ever that the truth of his doctrine should be extensively diffused.

It is obvious, that in a season of scarcity, unless the deficiency is supplied by importation, the country will have less corn for consumption than usual, and a reduction of the usual consumption must take place at some period before the next harvest. The enquiry therefore should be, *how this additional supply from importation may be most effectually secured, and how this inevitable reduction of the consumption can be effected with the least inconvenience to the people.* According to Dr. Smith, the interest of the corn dealers in the distribution of their stock, is the same as that of the public, and their speculations, however modified, are never attended with profit to themselves, without

without being of advantage to the community : if this opinion be well founded, whatever tends to disturb the influence of their labours, operates to the prejudice of the public, and the measures which have been recently proposed, with that view, by a number of corporate bodies in their petitions to the throne and to parliament, originate in a misapprehension of the subject, which may be of most pernicious influence.

CHAP. II.

Policy of the Legislature in ancient Periods of our History.

IT must be admitted that the policy of our ancestors has furnished a sanction to the popular notions on the subject, as the different dealers in various modes of conducting their trade, were subjected by law to certain penalties. The engrosser or wholesale dealer, who “ buys in gross and sells in gross;”

grofs ;" the forestaller, who "intercepts the commodity in the way to market," and the regrater, who "buys and sells in the same market," are treated by Lord Coke and other celebrated writers as enemies of the public, *pauperum depressores et totius communitatis*. On most subjects the opinions of Lord Coke are calculated to impress conviction ; but in questions relating to trade and manufacture, it must be allowed that his notions and those of our ancestors are sometimes erroneous ; the same institute which is thus severe in its comment on the practices in question, is no less so on others which are now universally admitted to be the chief sources of The prosperity of the country. The introduction of machinery in our manufactures, by which the same labour is made to multiply products, and increase the conveniences of life, is the foundation of our national opulence ; and yet Lord Coke furnishes us an instance, and speaks of it with approbation, where a patent was vacated on
this

this account *. It is evident that the same train of reasoning would have stifled all those various improvements in the arts and manufactures of the country, about the utility of which, there is now no diversity of opinion, though they were, on their first introduction, as much obnoxious to popular prejudice, as the modes of conducting trade, which are the subject of our present enquiry.

* “There was,” he says, in his Readings on the Statute of Monopolies, “a new invention found out heretofore, that
 “bonnets and caps might be thickened in a fulling-mill,
 “by which means more might be thickened and fulled in
 “one day, than by the labour of fourscore men who get
 “their livings by it.—It was ordained, that bonnets and
 “caps should be thickened and fulled by the strength of
 “men, and not in a fulling-mill, for it was holden in-
 “convenient to turn so many labouring men to idleness.”

CHAP. III.

Policy of Modern Parliaments.

THE policy of these legislative restraints imposed by our ancestors has been disputed by a number of celebrated writers, and modern Parliaments have adopted their reasoning. An act was passed in the reign of Charles the Second, making it lawful to buy up the corn and to sell it again, when the price was under 48 s. a quarter; but when above that price, the penalties of the ancient statutes were still continued, and there was an exception of the modes of purchase by forestalling or regrating. In the year 1772, the penalties inflicted by the old statutes were repealed; but, by an accidental omission, the provisions of the common law were overlooked, and according to

to the ordinary technical rules of construction, they are still subsisting. That this was an omission purely accidental can hardly be doubted, when the object is so distinctly explained in the preamble, which recites as follows :

“ That it has been found by experience,
 “ that the restraints laid by several statutes
 “ upon the dealing in corn, meal, flour,
 “ cattle, and fundry other sorts of victuals,
 “ by preventing a free trade in the said
 “ commodities, have a tendency to discour-
 “ rage the growth and to enhance the price
 “ of the same ; which statutes, if put in ex-
 “ ecution, would bring a great distress upon
 “ the inhabitants of many parts of this
 “ kingdom, and in particular upon those of
 “ the cities of London and Westminster ;
 “ be it enacted by, &c. and thereupon it is
 “ enacted, that the 3 & 4 Edw. 6. c. 21. ;
 “ &c. &c. and also all acts for the better
 “ enforcement of the same, being detri-
 “ mental

“ mental to the supply of the labouring
 “ and manufacturing poor of this kingdom,
 “ shall be, and the same are hereby de-
 “ clared to be repealed.”

This is not merely a repeal of the statute, but it is a solemn declaration of the Legislature, that the practices alluded to are salutary to the public, and involves a condemnation of the principle which was the foundation of the common law prohibition. It is material to observe, that this repeal was not hastily or suddenly resolved upon ; for the space of five years a committee of the House of Commons had been employed in considering the causes of the high price of provisions, and the conduct of the corn trade. For the same period of time the attention of all ranks of people had been drawn to the subject ; addresses had been presented to the Throne and to Parliament, filled with denunciations of the dealers in the different articles of provision, and charging

ing them with having occasioned the high price.

Under the influence of these opinions, in 1766 a proclamation was issued to excite a rigid execution of these laws, and a number of persons were prosecuted and convicted. In the two succeeding years the price of corn was higher than ever; and in the year 1772, Governor Pownall reported from the committee of the House of Commons, that “the hoarding of corn must
“ not be discouraged, or the middle-men,
“ for if they were, great towns could never
“ be regularly supplied, but must be in
“ perpetual danger of famine.”

The freedom of trade being thus established, the prices in the succeeding years were much lower; though this lower price arises from a variety of causes, and is not to be attributed solely to these persons; it is clear that an advance of the price is not the necessary consequence of their interference.

In the year 1791, all the different statutes were consolidated, the provisions of the act of Charles the Second were extended, and it was made lawful to buy up the corn to sell again at any price. The language of the 15th of Charles the Second, and 31st of the present king, is different from that of the 12th: the one makes the buying corn to sell again lawful, and the other only removes particular penalties against particular modes of purchase; If these modes of purchase therefore, were punishable in any other way than that specified, according to the technical construction in ordinary cases, that mode of punishment still subsists.

CHAP. IV.

By what Means, in a Year of Scarcity, the Consumption of Corn may be reduced, with the least Inconvenience to the People.

WHEN the season fails of its ordinary produce, and there cannot be an importation of a sufficient extent to make up for the deficiency ; it is obvious that the calamity will be felt with less severity, when the pressure of it is equally distributed throughout the different parts of the year. A reduction of the consumption ought to take place in the months immediately succeeding the harvest, which would obviate the necessity of a more rigorous reduction in the others. But as the people will always consume the same quantity of corn, if they can procure it at the same rate ; a reduction of consumption must be enforced

by an advance of price. If the price should be too low, the consumption will be so great, that our stock will be exhausted before the end of the year; if the price should be too high, the consumption will be so reduced, that the stock will be made to last beyond the year. There is therefore a price which exactly secures the consumption of the crop in the course of the season; and if all the corn should be sold at this price, the public will be materially relieved, as the pressure of the scarcity, by being more equally diffused, will receive all possible alleviation. This equable advance of the price does not merely enforce economy in the use of the corn, and prevent waste, but it induces the substitution of other articles which are cheaper, and therefore more accessible.

If the farmers or possessors of corn were able to ascertain the produce of the harvest, by a proper distribution of their stock of grain, they might secure this regulation of
the

the consumption. By sending the corn to market in greater abundance, they might lower the price when too high; and by withholding the corn, they might raise the price when it was too low. If this were judiciously managed, it would be advantageous to themselves as well as serviceable to the public. Every one of them would endeavour to sell his corn at the best price; but this purpose would be equally defeated by withholding it too long, or by selling it too soon. By withholding the corn too long, he raises the price higher than is required by the deficiency of the crop, and produces so great a retrenchment of the consumption, that his stock will be left on his hands till the following season, which, as the present is supposed a season of scarcity, will be probably more productive, and of course the price lower. By selling the corn too soon, he encourages too great a consumption, and loses an advantage which he might have secured by a judicious delay; for the price at which he sells is lower

lower than is necessary to make the crop hold out.

To illustrate the beneficial effects of an œconomy of this kind, we will put the case of a private family, who, in general, use thirty quartern loaves a month. They have laid in their whole stock of flour for that time. Instead of thirty, they can only procure a sufficient quantity to make twenty-four. Unless they retrench, at the end of twenty-four days they are left without provision for the remaining six ;—but an equal reduction of one-fifth of the usual allowance would have carried them through the whole month. If the necessity for this œconomy, instead of being discovered thus early, should escape notice till the expiration of twelve days, they could only afford themselves two-thirds of the usual quota during the remaining eighteen, and the grievance would have been proportionably oppressive.

When

When a voyage extends beyond its expected limit, the stock of provisions in the ship is unequal to the ordinary consumption; the captain calculates what must be the reduction to make it hold out; and a reasonable frugality preserves the lives of the crew. Discipline with him produces that controul over the wishes of the seamen, which, in the market, is effected by the advance of the price.

If the farmers, or original possessors of corn, were to commit errors in the periods at which they send their corn to market, such errors might be corrected by other persons, with profit to themselves, and benefit to the public. These persons, having ascertained the produce of the harvest, would have an interest in preventing these irregularities in the consumption. By taking grain from the market, they would raise the price when too low; and by sending grain to market, they would lower the price when too high. By preventing either excess,
 5 they

they would effectually serve the nation as well as themselves; and their interests are inseparable. The timely advance of price which they might occasion, is the foundation of the public œconomy, as well as their profit; *and the more just the speculation, the more certain their gain and our relief.*

By way of example, we will suppose, that a year of ordinary produce, affords a weekly consumption for London of 22,000 sacks. Should the deficiency of the whole crop require a diminution of 2000 sacks *per* week, unless some retrenchment is enforced, the whole stock of the country will be consumed in less than eleven months, and the people will be left without means of subsistence till the next harvest. The dealers, or certain persons who employ their capitals in the conduct of this important business, if they could ascertain with perfect accuracy the state of the crop, and if they possessed adequate means, would
take

take care that the weekly supply of the London market was kept at 20,000 sacks. If 21,000 were sent, they would take thence the 1000; if 19,000 were sent, they would furnish an additional 1000. The dealer will never take grain from the market, or reserve his own, unless he foresees an advance of price at a future period; and the price will not advance, unless the scarcity becomes more severe. At that time, therefore, the supply of his stock is *more seasonable to the public, than when it was withdrawn*. The interest of any one dealer must be that of all. The direct tendency, therefore, of their labours would be, by an *equalization of the price*, to correct those fluctuations of the supply which aggravate the pressure of a scarcity.

CHAP. V.

The Interest of the Corn-Dealer in the Distribution of his Stock the same with that of the Public ; and the Impossibility of any Combination to raise the Price.

IT is evident that these irregularities, in the supply of the market, will be the necessary result of the poverty of the farmers, and their want of information. Even if their calculations are supposed accurate, few of them possess more capital than is necessary for the proper cultivation of their farms ; and if some are wealthy enough to reserve a proper portion of their crops till the season is more advanced, their means of ascertaining the produce of the harvest in parts remote from their own situation, must be very imperfect, and the supply of the market would be subject to continual interruption and uncertainty from the avocations of

agricultural pursuits. It is clear, that the business will be better conducted by persons whose attention is exclusively directed to it, whose sources of information are more enlarged, and whose calculations are of course more accurate. If these persons were in sufficient number, and possessed an adequate capital, by means of their interposition, the distress occasioned by a season of scarcity would receive all the mitigation which the nature of such a calamity will admit.

I have indeed heard it suggested, that the speculations of these persons prove sometimes erroneous; and we are made to suffer the pressure of a scarcity, which only exists in apprehension *. It is clear from what has been said, that a false estimate of this kind is of greater prejudice to these persons than to the public. For, if the stock in the country

* A suspicion of this kind has frequently been excited in seasons of scarcity, but has been constantly refuted by all the Committees of the House of Commons that have deliberated on the subject for the last thirty years.

should exceed their calculation, they will be forced to sell, what is thus unnecessarily reserved, at a less price than they might have secured by an earlier sale. We must be satisfied therefore, that as they are more conversant in the business, their judgment is to be preferred to that of other persons, and as they are so deeply interested to distribute their stock in the manner best adapted to the convenience of the public, we have in them the best security our situation will admit. An error of this kind may possibly happen, but unfortunately we have more to apprehend from one directly opposite. The dealers are more likely to fail of proper influence, by being too early in their supply, than by too long a delay. A premature sale will still yield some *profit*, but an injudicious reserve may be attended with *loss*.

This supposed loss from the reserve of corn has however been denied, and the dealers have been represented as combining together to raise the price of what they do sell, so high, as to make the same profit by a
sale

sale of a part of their stock at this artificial price, as by a sale of the whole at the natural price.

The possessors of corn are so numerous, and so dispersed all over the Kingdom, that the supposition of any *direct* combination, or *secret* agreement to sell their corn at a particular price, must be chimerical. Any supposed extraordinary profit of the corn-dealers, from an *artificial* advance of price, would not only be liable to be defeated by *new competitors* and an *increased importation*, but the *particular interest* of every *individual dealer* would operate in *opposition* to it. As this artificial price would be higher than the natural price, or the price at which all the stock of the country could be sold in the course of the year, each dealer would discover that all his own stock could not be sold at this rate, he would be *jealous* therefore lest other persons, by taking advantage of the high price, should sell a larger portion of their stock, while his own would be kept on hand till
the

the following year, when it must be sold at a price much lower. Under the influence of this apprehension, *each would be anxious to take advantage of this high price*, and thus, from their *mutual jealousy*, such a portion would be sent to market, as would keep the price at its *just level*. Can any supposition be made more improbable or less consonant to our observation of the conduct of men in society, than that a *combination* should subsist among persons *unknown to each other* and *dispersed* over the Kingdom, while it is the *interest of each individual to defeat it*.

The supposed conduct of the spice trade is sometimes alluded to, as an instance of the possibility of an influence of this kind. The Dutch were said to sell their spices for a greater price than was necessary to replace the capital engaged in the trade, with the ordinary profits. But we must observe, that all the branches of this trade are in the hands of a particular company in Holland, not to the exclusion of the rest of Europe
only,

only, but to the exclusion of all the rest of the Dutch people. The absurdity of any parallel between a trade thus confined, and the corn-trade, must be obvious to every one.

We have hitherto considered only the *time* at which the consumption may be reduced in a season of scarcity, with the least inconvenience to the public, the *place* at which it ought to be reduced is of almost as great importance. The interest of the dealer and public, for the attainment of this object, will be found to coincide as perfectly as they did in the other.

If the crops have failed in some counties, while in others they have been more than ordinarily productive, it is most desirable that the deficiency of the one should be supplied from the abundance of the other; if the majority of crops have failed, but the relative failure of the counties is different, the inconvenience will be lessened if the
con-

consumption is equally reduced in all. But as the quantities are different in the different counties, the prices will vary, and there will be profit in bringing the corn from the county where it is cheapest to that where it is dearest; that is, from the market where the supply is greatest, to that where the supply is least.

It is the interest therefore of the dealer to take the corn to the market where it is most wanted, as well as, in the former instance, to reserve it for the period when it is most wanted. If therefore he raises the price by "forestalling," or intercepting the commodity in its way to *one* market, he is thereby enabled to lower the price at *another*; and that expectation of the price being higher at the market to which he takes it, than at that from which he takes it, has been his motive for purchasing, otherwise he could have no hope of profit. If the corn should pass through different hands in the same market, whether the intention

tention is to sell at the same market, or to transport it to another, the price at which it will be sold to the consumer cannot be raised to his prejudice. The dealer who purchased last, conceives the previous price to be too low, and that he shall have an opportunity of selling at a higher; but the price will not be too low, unless the market is overstocked either in proportion to the whole stock of the country, or in proportion to the supply of other markets. In either of these cases, the sale in the same market, at a higher price, will tend to make the stock hold out more beneficially, or the sale at another market will distribute the stock more equally. In either case, therefore, the high price occasioned by the "Regrators" or "Jobbers" will be more beneficial to the public, than if the commodity had been sold at the price put by the first seller. In fact, these different purchases are trials of skill between the dealers, and have a tendency to fix the price with more accuracy: the profit of the "Regrator" is the compensation paid by the public for the advantage which they derive from his superior sagacity.

CHAP. VI.

The Supply of the Public will not only be more judiciously regulated by Corn-Dealers, but at a less Expence.

HAVING traced the utility of that advance of price in the crop immediately succeeding a scanty harvest, which, by enforcing an early reduction of the consumption, will prevent a still greater advance of price at a later period of the year, and obviate the necessity of a more rigorous reduction of the consumption; and having seen that this advance of price, and necessary reduction of the consumption, will be conducted with the most skill by persons whose attention is directed to this object exclusively; I shall now endeavour to prove, that by means of such intermediate persons it will likewise be conducted at the *least expence*.

The

The high price of corn has been ascribed by some persons to the extraordinary profits of the persons engaged in the corn-trade. On a little reflection we must however be satisfied, that this supposed exorbitant profit is merely imaginary ; the profits of any one trade cannot long exceed those of another, the prospect of superior advantage would attract an additional number of traders. The price at which corn ought to be sold in ordinary years, is that which affords the farmer a reasonable profit, after payment of his rent and the expence of tillage : by a reasonable profit is meant, that which is on a par with what is derived from the employment of capital, and skill in any other channel. If the average price of corn should be higher than this, there would be a greater profit from the growth of corn than of other commodities. The farmers have no monopoly, there is no prohibition against other persons engaging in the employment. Are men to be supposed so ignorant or sluggish as not to have availed themselves of this opportunity of bettering their fortune?

and how else can we account for the distribution of stock and exertion which actually has taken place? A certain portion of the capital of the country is directed to agriculture, a certain portion to manufactures, and another portion is directed to the circulation of the products of both; the quantity employed on each has been fixed by no arbitrary regulation, but has resulted from a discovery of the proportionate demand by the community of those different products of industry, and the calculations of the profit which each would afford. If there had been no foreign controul, the interest of the persons more immediately concerned would have secured us a supply of what we most wanted, and a competition among themselves would have fixed the proper limits to their profits. Unfortunately the odium and danger to which the persons engaged in the corn-trade are subjected, may have diverted a number of capitals from that object; and the great difference in the price of corn, which appears to prevail at this moment in
the

the different markets throughout the kingdom, ought to raise a very serious alarm, lest the prevalence of the popular prejudice should have driven from the trade a number of those persons who were possessed of the best sources of information, and capitals sufficiently large to render those services practically useful.

Having shewn that the high price of corn cannot originate in any extraordinary profits of the persons engaged in the growth and distribution of it, it will now be proved, that *in consequence of the different divisions* which have taken place in the conduct of the trade, *the price is lowered*. It is material to observe, that the distinction between the farmer and dealer did not arise from any foreign influence, but is the act of the parties themselves. When the farmer, instead of journeying to market with a few sacks, sells his crop immediately to a neighbouring dealer, he has no other inducement than a sense of his own interest. If he had
time

time and skill sufficient for both occupations, he would hardly relinquish an obvious channel of profit. His corn would sell for the same price in the market as that of the dealer, if he knew the proper period and place for the sale of it; but he is sensible that the discovery of that period and place would occasion a loss of time and labour, more valuable to him than the difference of price at which he sells to the dealer, and at which he could sell to the consumer. As he can only attend to the one at the expence of the other, he is naturally led to give his whole care and capital where he has the most skill, and of course the greatest advantage over his neighbours. He is relieved from the *interruptions* of a business foreign to his main employment, by the intervention of the dealer. The dealer, on the other hand, sees a similar advantage in an exclusive appropriation of his care and capital. To give an instance which will illustrate the advantages of this division, let us suppose, that the wealth and industry of
London

London enables its inhabitants to purchase a quantity of corn, equal to a sixth of the whole produce of the country. We see how large a district is necessary to afford the requisite supply. It is evidently impossible for the farmers to bring their corn from so great a distance, without so material an obstruction of the business of the farm, that the produce of the country would be diminished in consequence, and the price of the remainder enhanced. But by the interposition of the dealer, the most remote parts of the country may be made to contribute to the supply of the capital, without any interruption to agriculture; and that supply is drawn from those places which can afford it at the lowest price. In consequence of this division, there is an evident saving of time and labour in the cultivation of corn, and the distribution of it. The labourers being uninterrupted, and more skilful, fewer hands are wanted to do the same business; *a less sum is paid in wages,* and
of

of course the market is supplied *cheaper* as well as better.

In manufactures, from minute divisions of the work, every one knows, that fewer persons are employed on any given produce, and the consumer is charged less. Skill in the growth of corn, or rearing of cattle, is no less distinct from that which is requisite for a judicious and proper distribution than one branch of manufacture from another.

The same reasoning must be applicable to all the persons who intervene between the grower and consumer: by affording greater facilities of sale, they give rise to a similar œconomy, and occasion a reduction of the price. The common error on this subject seems to originate in our looking at the sale of a particular parcel of corn, instead of considering the sale of the whole stock of the country, the number of labourers employed in the sale of that parcel, is greater, but the number of labourers employed on the sale of the whole is *less*.
To

To use a familiar instance in illustration—
 If we were to look at the manufacture of *one* pin only, we should observe ten men employed in the making it, and should conclude, that the wages of these men must add to the price; but if we should consider the manufacture of a *number* of pins, we should find that the sum paid in wages is *less*. One man could make only 20, while these ten men would make upwards of 4000. The number of labourers employed on the 4000 is less therefore in consequence of this division, than if one person only was employed to make the 4000, the sum paid in wages is less, and the price reduced. In the same manner, if we look only at the sale of a particular parcel of corn in consequence of the different subdivisions, *more persons* are employed in the sale of *this parcel*; but if we consider the sale of the *whole* stock of the country, *fewer*. *A less sum therefore is paid in wages upon the whole stock of the country, in consequence of these subdivisions, and the public is on the whole supplied at a cheaper rate.*

CHAP. VII.

Frequency of Famines in the early Periods of our History for want of Corn-Dealers.

UNFORTUNATELY, such are the numerous difficulties which the persons engaged in the corn-trade have to struggle with, from the magnitude of the object, general prejudices, and the want of proper information as to the state of the crop, that they have never yet been able to produce that perfect equalization of price which is so desirable.

The average produce of wheat in the country may be stated, on a moderate calculation, at six millions of quarters, which at forty shillings a quarter, would amount to twelve millions of money. It is obvious, that

that an immense capital is necessary to produce any considerable alteration of price in so large a mass.

The harvest of the year 1794 fell considerably short of its general produce; the early consumption was not reduced in proportion to it. The supply of corn was at first too liberal, and our *forced abstinence* afterwards was the greater. The possessors of corn this year seem to be better informed. The present high price of corn is a melancholy index of the failure or insufficiency of the crops. We suffer at present; but the actual inconvenience, the retrenchment of the consumption at this moment, protects us from a still greater at another, and is our only preservation against absolute famine.

It is observed by Dr. Adam Smith, that as corn grows in great varieties of soil and situation, a failure of the seasons will never occasion so great a dearth with us, as

in rice countries, for instance, where a dearth would be equally fatal to all the crops. If full protection is given to the dealers and the free circulation of grain throughout the kingdom, a very scanty harvest will still afford a produce sufficient for the support of the people, with the aid of a supply which may be expected from importation, and the relief from the use of substitutes. Since the intervention of these persons, we have no doubt occasionally felt considerable inconvenience during a season of scarcity; but no stronger proof can be given of their utility, than by a reference to the early periods of our history, and the comparison of our sufferings with those of our ancestors under the pressure of a similar calamity. The famines which were then so frequent are to be attributed to the unequal distribution, from the poverty of the farmers, and the penalties against the interference of other persons, rather than a total failure of the crops. The necessity of a quick return of a small capital, to pay rent, and

and to replace and repair stock, prevented a due reserve of corn for a future supply. The market was furnished, and of course the price and consumption continued the same during the first months of these years of scarcity, as in those of ordinary produce. When the deficiency was perceived, the whole stock in the country had been reduced so low, that the price rose to an extreme height, and the people sunk under the pressure of absolute want. We find, during the reign of Edward the Confessor, that the quarter of wheat was raised to 7*l.* 10*s.* of our money, nearly five times the ordinary price; and whatever allowance is made for the failure of crops and the effect of intestine commotion, we must be sensible, that if an advance of price had taken place earlier, the scarcity would have been rendered more supportable.

Some portion of the little capital of the country was directed to this object, in the course of its progress and improvement. But

in 1315, the uninformed Legislature of that age interfered to resist any such influence; and the assize to regulate the price of provisions was followed by a famine. This ordinance was soon repealed; but the same prejudice and policy still subsisted. The number of persons who embarked in so hazardous a speculation were of course few, and their means very contracted. In those reigns, where the variations of price in the course of the same year have been preserved, we meet with the most deplorable inequalities, and may thence judge of the hardships of the people. In 1557, we find wheat at 4s. the quarter, in the months immediately after harvest, and gradually rising to 2*l.* 17*s.* 4*d.*; a disproportion of sixteen to one: so that the people could only procure, in June and July, one sixteenth of the quantity they consumed in September and October. Those who had then access to a pound, were now limited to an ounce.

From

From these instances, as well as the foregoing reasoning, it must be evident, that the interference of the dealers promotes the safety and convenience of the whole community. But it ought to be further observed, that they are more particularly beneficial to the *poorer* classes. The poor are the chief consumers of corn; they are the great *sufferers* under the pressure of these *inequalities* of price. If the quartern loaf was sold at one season of the year for threepence, and at another season for three shillings, no sensible inconvenience would be endured by persons of very moderate fortune; by the poor, so sudden and considerable an advance of price must be felt with great severity, and the most rigid œconomy could furnish very little palliation.

The actual prejudice against what is called Monopoly, may perhaps be accounted for. Monopolies were a privilege granted by former Sovereigns to certain individuals, for the exclusive sale of particular commodities.

modities. No tax could have been more pernicious in its effect; for, as they possessed an *absolute control* over the market, they were enabled to limit the supply, in order to advance the price; and as this was more profitable, the interest of the seller was put in direct opposition to that of the public. The monopoly of salt, in the reign of Elizabeth, raised the price at once from 16*d.* a bushel, to 14*s.* and 15*s.* The practice has been long since abolished; but the term is unluckily retained, and fastened on persons of a very different description.

It is likewise not improbable that the penalties of our ancient laws on the subject of forestalling, regrating, &c. originated from the exercise of the prerogatives of purveyance and pre-emption. The household of our Kings was then very numerous*. The tables of the enormous train which accompanied them in their progress

* That of Richard the Second is stated to have consisted of 10,000 persons.

through-

throughout the kingdom were supplied at the King's expence. The interior communication between the different parts of the country was so imperfect, that when he came to places where he did not usually reside, and no regular channel of supply had been established, if the owners had been strictly protected by law, it was apprehended that they might have exacted an unusually high price for the different articles of provisions. This apprehension occasioned the claim and exercise of these prerogatives; but as the King was thereby entitled to a preference at a very inferior rate, no commodities would be brought to the markets contiguous to his residence, if the owners were allowed to withhold them with impunity.

In a number of instances quoted by Mr. Hume from the journals of the House of Commons, so late as 1626, the disproportion between the price paid by the purveyor and the ordinary consumer was more
G
than

than twelve to one; the purveyor was entitled to the commodity for one twelfth of the common market price. It is well known that these prerogatives were not exercised merely agreeable to the design of their first establishment, but they were converted into funds for defraying the charges of national armaments. In the reign of Queen Elizabeth the army and navy were victualled by these means. Under these circumstances it can be no matter of surprize that compulsory measures were found absolutely necessary to compel the bringing the different articles of provision to market. In fact, without some such means, the grant of these prerogatives would have been nugatory. If this conjecture has any foundation, the regulations which were framed by the legislatures of those days may be accounted for on their maxims of policy, but are not at all applicable to the present state of the country.

CHAP. VIII.

*Influence of the Corn-Dealers in promoting
Importation in a Year of Scarcity, and in
preventing Exportation.*

IN tracing the sources of the profit of the dealers, we have hitherto only considered them as enforcing a timely economy. But happily their influence is still more beneficial; it extends beyond a judicious management of the actual stock in the country, and is the occasion of an additional supply. The early price points out to the merchant the state of the crop, and the advantage of importation. And as a market must be sought, and the whole voyage performed, before any aid can be derived from this channel, unless our wants are discovered by the early speculation of the dealers, the re-

lief from foreign supplies will be too late *.
 An apprehension of this kind was one of
 the motives for the interference of govern-
 ment four years since, when large purchases
 were made in the foreign markets on their
 account †. But it was acknowledged in the
 House of Commons, that notwithstanding
 all the exertions of government, the skill
 and care of private individuals would have
 been probably more successful. And it
 must be recollected that the one is neces-
 sarily superseded by the other. An inter-
 ference of this nature and extent disturbs
 the whole system which we have been con-
 sidering. The success of the dealer no

* Upwards of 700,000 quarters of wheat only were im-
 ported between the months of January and September
 1800. If the prospect of advantage from this importation
 had not been pointed out to the merchants by this early ad-
 vance of price, so large a supply could not have been ob-
 tained, perhaps none at all, and we should have had a fa-
 mine in August last.

† If the real state of the deficiency had been known
 very early in the season, our merchants might probably
 have secured a supply, before the French, from the state of
 the country at that time, had become sensible of the extent
 of their wants, and engaged in the competition.

longer

longer depends on the skill of his calculation, but on the supply of government, which is precarious and arbitrary, as it is not regulated by any desire of profit. The individual merchant retires from a rivalry of this description; government, having taken the business out of his hands, would be forced to continue it; and we have seen in France, where this has been the case, the loss on the sale of grain, one of the most important articles of the public expenditure; and the distribution of it a continual subject of complaint and dissatisfaction*.

But besides the relief of the present year derived from importation, the timely intervention of the dealer will materially contribute to our security in future. If the scarcity does not proceed from any casual failure of the crops, but from our not cultivating a sufficient quantity of wheat, the farmer sees an advantage in remedying the

* The restoration of the corn trade to its natural channel was recommended by the Corn Committee in their first Report to the House of Commons in 1795; and the propriety of that recommendation appears from the quantity imported this year.

defect,

defect, and is furnished with the knowledge *early* enough to make it profitable to himself and the public, by an additional growth. In confirmation of this assertion, we shall find by a reference to the list of the prices in different years, that two or three years of scarcity have been uniformly succeeded by a more plentiful supply than before.

The merchant who purchases for exportation, would indeed produce an effect different to that which has been described in the course of our reasoning. His purchases are made for another market, if in any other country, the price were so much higher, that the difference would defray the expence of carriage with a profit. But exportation is prohibited, when the price is above 46 s. a quarter, and though there may be a difference of opinion as to the policy of the restraint *, there can be none

* Till the 5th of Eliz. the exportation of corn had not been allowed at all, and it is an observation of Camden, quoted by Mr. Hume, that agriculture from that moment received new life and vigour.

as to the difficulty of evading it. The bulk of the commodity, and the universal jealousy on the subject, are insurmountable obstacles to any attempt of this kind.

Under the present circumstances therefore, the accumulation of the persons engaged in the corn trade can only influence the supply of particular periods, but will not lessen the whole supply of the year. If the season has proved unfavourable, we have seen that it is the interest of both the dealer and the public, that all his stock should be sold in the course of the same year. But if a year has been more than ordinarily productive, a reserve of corn till the next to a certain extent, might be serviceable to the nation, as well as himself, as the plenty of one year would be made to relieve the scarcity of another. In the natural order of things a speculation of this kind would be rarely undertaken, and never to a prejudicial extent, as the perishable nature of the commodity, and
the

the uncertainty of the future crop, would render it extremely hazardous. But any such accumulation, which might be beneficial in many instances, is effectually counteracted by the artificial inducement of the *Bounty* on exportation.

The mischievous policy of this regulation has rendered the intervention of the dealer essential to the public in years of ordinary produce, as well as in years of scarcity. Unless the real state of the crop were ascertained by his calculation, and its *early* influence on the price, a premium would be frequently given on the *exportation* of corn to other countries, which was wanted for consumption *at home*.

CHAP. IX.

Recapitulation.

THERE is no doubt that the direct and immediate influence of taking corn or any other commodity out of the market may be to advance the price of the remainder at that particular time, or that particular place, but we are not to confine our observations to the direct and immediate influence ; we are likewise to consider that which is no less certain but more remote. To reserve corn at one time in order to distribute it at another, to take corn from any one market in order to convey it to another, occasions no national evil ; the corn is equally consumed, though the mouths which consume it are not the same : so far from having any prejudicial effect, if the scarcity in the market to which

H

it

it is conveyed be greater than in that from which it was taken, the public is materially relieved. Our object ought to be, not that corn or any other article of provision should be plentiful at any particular time or any particular place, but that it should be found plentifully, if possible, but at all events in equal distribution throughout the different periods of the year, and over every part of the kingdom.

A number of the plans recently proposed have a tendency to disturb this due and seasonable distribution. The recommendation of landlords to their tenants to thresh out their corn for immediate sale, and the sale of corn to the poor at a reduced price, are both of this nature. The relief which is afforded by this supply at one period, is slight in comparison with the rigorous abstinence which is the inevitable consequence at another; as these measures cannot increase the quantity of corn in the country. By lowering the price at one period they only advance it in a much greater proportion at another;

another ; The corn is on the whole dearer instead of cheaper, and these persons, though well-intentioned, are aggravating the distress which they mean to alleviate. If the reasoning of the preceding pages be correct, the influence of the persons engaged in the corn trade is our only channel of relief. The effect of their interference, is to procure *an increased supply from the stock of other countries, and to induce a judicious management of our own* ; the “Forestaller,” and the “Regrater” are not distinguishable from dealers of any other denomination. In their expectation of profit all persons who intervene between the grower and consumer must be governed by the same principle ; and according to this principle, *their interest in the regulation of the price coincides with that of the public* : These several modes of sale are contrivances of particular dealers, with the hope of gaining an advantage over their competitors ; their tendency is to fix the due price with greater

H 2

accuracy ;

accuracy ; to raise the price when it is more salutary to the public that it should be higher, and to reduce the price when it is consistent with the safety and convenience of the public that it should be lower.

It is evident that the same reasoning which has been hitherto confined to corn, is equally applicable to every other article of commerce. The divisions which have taken place in the employments of the different persons concerned, must have arisen from their being the foundation of superior skill. The necessary consequence to the public must have been a *better* and *cheaper* supply. These modes of conducting trade have an influence the direct reverse of that which they were supposed to have by the framers of the prohibitions.

A recurrence to the early periods of our history will uniformly shew the fallacy of a different line of policy, and the mischief of
imposing

imposing any restraints on the enterprise of individuals *. The pernicious operation of a recent instance is familiar to every one. The law of the *maximum* in France, which limited the price of provisions, was enforced by the terrors of a revolutionary system, and cannot be said to have failed from any defect in the execution of it. Unhappily for that country, it was executed too well. The distress of the people was aggravated by this ignorant and violent attempt of the Government to disturb the natural course of commerce, which would have fixed the price best suited to meet the exigence: and when the whole stock of the country was

* As an illustration of the frequent influence of statutes of this nature, I shall insert the opinion of the Committee appointed to revise the laws of assize, just before the recess. —“ *In consequence of the provisions of the act of the 31st of George the Second, (intituled, ‘ An act for the due making of bread, and to regulate the price and assize thereof, and to punish persons who shall adulterate meal, flour, or bread,’)* great confusions have arisen, and do exist; and, amongst others, the market has been prevented from being supplied, *in times of scarcity*, with a bread made of such flour as the law permitted to be imported for the purpose.”

nearly exhausted, they were driven to the necessity of an abolition of the measure, as the only refuge from absolute famine.

THE END.